

Global Markets Research

Daily Market Highlights

Key Takeaways

- **US stocks rallied overnight on stronger than expected economic data. US core capital orders and construction spending bounced higher, while a tepid producer prices growth reaffirmed the Fed's patience in hiking rates.** The Dow rose by 0.58%, while the S&P 500 advanced by 0.69% to its highest level in four months and the NASDAQ also notched a 0.69% gain. **Treasuries fell amidst improved risk appetites** - the yield on 10Y US government notes picked up 2bps to 2.62%. Trump said he is in no rush to complete a trade deal with China. Elsewhere, **UK parliament voted against a no-deal Brexit, paving a way for a potential delay of the country's withdrawal from the EU.** The pound jumped on the news while the dollar eased. **Oil prices surged to their highest levels this year as EIA reported a draw on crude oil inventories** - benchmark WTI jumped by a whopping 2.44% to \$58.26/barrel while Brent crude settled 1.32% higher at 67.55/barrel.
- **Some silver lining in overnight economic releases.** US durable goods order rose for the third month by 0.4% MOM supported by strength in aircraft orders. Core capital orders rebounded by 0.8% MOM indicating a recovery in business investment. Construction spending bounced back up by 1.3% MOM, while PPI inflation eased to 1.9% YOY. Elsewhere, Eurozone industrial output surged by 1.4% MOM lifted by output growth in Spain, Portugal, France and Italy, offsetting the decline in German output.
- **USD weakened overnight, falling against 9 G10s** on general improvement in risk appetites following UK parliament's rejection of a no-deal Brexit and softer consumer and producer inflation data reaffirmed Fed's patience in hiking rate this year. The DXY was steady in earlier session but fell gradually throughout the day to end 0.39% lower at 96.55. **Expect the USD to weaken further**, paring off last week's gain as the substantial retreat in upward momentum suggests the earlier formation of a bearish trend, leading the DXY to potentially trending further down to a range of 96.30-96.45.
- **USDMYR** opened lower but managed to rebound, **ending 0.09% higher at 4.0870** yesterday. **MYR remains bearish against USD** as the upward momentum for USDMYR seems unlikely to recede anytime soon with a likely formation of a new bullish trend in sight as it tried to test the upper first Bollinger band yesterday. But with the DXY easing over improved risk appetites, USDMYR seems likely to trade on a neutral tone today at 4.0865 - 4.0875.
- SGD rose against USD on the similar weak dollar narrative but slipped against 7G10s. **USDSGD ticked lower by 0.27% to 1.3524.** USD is likely to rebound against the SGD following four running days of decline but technical outlook suggests that SGD remains bullish against USD, thus potentially leading **USDSGD to trade only modest higher** at 1.3530-1.3535.

Overnight Economic Data

US	➔
Eurozone	⬆️

What's Coming Up Next

Major Data

- Malaysia IPI
- US Industrial Production, Import Price Index, New Home Sales, Initial Jobless Claims
- UK RICS House Price Balance
- China Fixed Assets Ex Rural, Industrial Production, Retail Sales

Major Events

- Nil

Daily Supports – Resistances (spot prices)*

	S2	S1	Indicative	R1	R2	Outlook
EURUSD	1.1315	1.1322	1.1330	1.1340	1.1350	➔
GBPUSD	1.3245	1.3258	1.3285	1.3370	1.3380	➔
USDJPY	111.00	111.20	111.23	111.30	111.35	⬇️
AUDUSD	0.7055	0.7065	0.7072	0.7093	0.7100	⬇️
EURGBP	0.8465	0.8473	0.8531	0.8540	0.8550	⬇️
USDMYR	4.0765	4.0780	4.0865	4.0885	4.0900	➔
EURMYR	4.6235	4.6245	4.6281	4.6340	4.6380	➔
JPYMYR	3.6625	3.6664	3.6699	3.6757	3.6765	➔
GBPMYR	5.4160	5.4172	5.4235	5.4385	5.4395	➔
SGDMYR	3.0180	3.0185	3.0189	3.0220	3.0225	➔
AUDMYR	2.8850	2.8880	2.8900	2.8945	2.8950	➔
NZDMYR	2.7960	2.7970	2.7988	2.8010	2.8020	➔
USDSGD	1.3525	1.3530	1.3536	1.3540	1.3550	➔
EURSGD	1.5305	1.5310	1.5328	1.5335	1.5355	➔
GBPSGD	1.7940	1.7950	1.7962	1.8000	1.8030	➔
AUDSGD	0.9560	0.9570	0.9574	0.9597	0.9600	⬇️

* at time of writing

➔ = above 0.1% gain; ⬇️ = above 0.1% loss; ➔ = less than 0.1% gain / loss

	Last Price	DoD %	YTD %	Name	Last Price	DoD %	YTD %
KLCI	1,678.24	0.42	-0.73	CRB Index	183.41	1.16	8.01
Dow Jones Ind.	25,702.89	0.58	10.18	WTI oil (\$/bbl)	58.26	2.44	28.30
S&P 500	2,810.92	0.69	12.13	Brent oil (\$/bbl)	67.55	1.32	25.56
FTSE 100	7,159.19	0.11	6.41	Gold (\$/oz)	1,309.12	0.58	2.13
Shanghai	3,026.95	-1.09	21.37	CPO (RM/tonne)*	1,898.50	-0.39	-2.77
Hang Seng	28,807.45	-0.39	11.46	Copper (\$/tonne)	6,472.00	1.01	8.50
STI	3,195.59	-0.52	4.13	Rubber (sen/kg)	480.00	0.95	26.65

Source: Bloomberg

➤ Macroeconomics

Economic Data				
	For	Actual	Last	Survey
US MBA Mortgage Applications	Mar-08	2.3%	-2.5%	--
US Durable Goods Orders	Jan P	0.4%	1.3% (revised)	-0.4%
US Caps Goods Orders Nondef Ex Air	Jan P	0.8%	-0.9% (revised)	0.2%
US PPI Final Demand YOY	Feb	1.9%	2.0%	1.9%
US Construction Spending MOM	Jan	1.3%	-0.8% (revised)	0.5%
EU Industrial Production SA MOM	Jan	1.4%	-0.9%	1.0%

Source: Bloomberg

- US durable goods order, core capital orders rose in January:** Preliminary reading shows that durable goods orders rose a modest 0.4% MOM in January (Dec: +1.3% revised) marking its third month of consecutive increase but the strength came from transportations orders which in turn were supported by volatile orders of aircrafts. Excluding transportations, orders fell 0.1% MOM (Dec: +0.3%) indicating lack of demand for other products such as computers, electronics, electrical appliances and components. The nondefense capital orders excluding aircrafts, a barometer of business capex meanwhile rebounded by 0.8% MOM (Dec: -0.9%) following two months of decline. January's upturn was core capital orders' biggest gain since July last year, offering relief that business investments are recovering after firms scaled back on capex in late 2018.
- US factory gate inflation eased further in February:** Gain in producer prices for final demand tapered off to 1.9% YOY in February (Jan: +2.2%) reaffirming a lack of price pressure in US factories. The latest PPI inflation was the slowest since Jun-17 and well below the 2.5-3.4% levels recorded in 2018. Core PPI softened as well, printing a modest 2.3% YOY gain (Dec: +2.5%), confirming weakness in the core goods segments as well, and this was translated into a muted gain in core consumer prices as published yesterday.
- US construction spending, mortgages applications bounced up:** Total construction spending bounced back up by 1.3% MOM in January (Dec: -0.8% revised) following two straight months of declines. The better-than-expected increase was led largely by the more pronounced gain in nonresidential spending as residential spending continued to fall albeit at a much slower rate, suggesting that builders remained cautious, taking a wait-and-see approach to assess the outlook for the housing market. Mortgage applications meanwhile rose 2.3% MOM for the week ended 08 March (previous: -2.5%) as interest generally fell across the board – the average rate for 30Y fixed rate mortgage loan fell by a larger margin to 4.64% (previous: 4.67%).
- Eurozone industrial output started 2019 on a stronger note:** Industrial productions beat estimate to increase 1.4% MOM in January (Dec: -0.9%) following two running months of declines led by a rebound in output of energy, capital goods and non-durable consumers goods as well as the further increase in durable goods output. Output growth across member countries saw mixed performances- Notably Germany output back to square one, as the 0.9% MOM decline completely reversed December's gain, making it the only big 5 economy to record a fall. Productions in Italy, Spain, Portugal and France all managed to increase by a larger margin compared to December.

Economic Calendar						
Date	Country	Events	Reporting Period	Survey	Prior	Revised
14/03	Malaysia	Industrial Production YOY	Jan	2.3%	3.4%	--
14/03	US	Import Price Index MOM	Feb	0.3%	-0.5%	--
		New Home Sales MOM	Jan	0.2%	3.7%	--
		Initial Jobless Claims	Mar-09	225k	223k	--
15/03		Empire Manufacturing	Mar	10.0	8.8	--
		Industrial Production MOM	Feb	0.4%	-0.6%	--
		U. of Mich. Sentiment	Mar P	95.7	93.8	--
15/03	Eurozone	CPI Core YOY	Feb F	1.0%	1.1%	--
		CPI YOY	Feb F	1.5%	1.4%	1.4%
14/03	UK	UK RICS House Price Balance	Feb	-22%	-24%	--
15/03	Japan	BOJ Policy Balance Rate	Mar-15	--	-0.1%	--
14/03	China	Fixed Assets Ex Rural YTD YOY	Feb	6.1%	5.9%	--
		Industrial Production YTD YOY	Feb	5.6%	6.2%	--
		Retail Sales YTD YOY	Feb	8.2%	9.0%	--
15/03	New Zealand	BusinessNZ Manufacturing PMI	Feb	--	53.1	--

Source: Bloomberg

Forex

	Last Price	DoD %	High	Low	YTD %
EURUSD	1.1327	0.35	1.1339	1.1277	-1.4
GBPUSD	1.3338	2.01	1.3381	1.3061	4.34
USDJPY	111.17	-0.17	111.47	111.01	1.38
AUDUSD	0.7094	0.17	0.7098	0.7049	0.67
EURGBP	0.8493	-1.63	0.8643	0.8473	-5.23
USDMYR	4.0870	0.09	4.0940	4.0800	-1.3
EURMYR	4.6158	0.27	4.6200	4.6049	-2.36
JPYMYR	3.6723	0.16	3.6805	3.6644	-2.28
GBPMYR	5.3779	-0.42	5.3797	5.3299	2.09
SGDMYR	3.0156	0.13	3.0180	3.0081	-0.67
AUDMYR	2.8878	-0.06	2.8905	2.8811	-1.20
NZDMYR	2.7963	0.02	2.8010	2.7940	0.63
CHFMYR	4.0620	0.25	4.0627	4.0494	-3.27
CNYMYR	0.6093	0.11	0.6101	0.6089	0.67
HKDMYR	0.5209	0.12	0.5215	0.5197	-1.38
USDSGD	1.3524	-0.27	1.3571	1.3522	-0.78
EURSGD	1.5318	0.08	1.5336	1.5301	-1.91
GBPSGD	1.8038	1.75	1.8094	1.7707	3.51
AUDSGD	0.9594	-0.08	0.9604	0.9565	-0.10

Source: Bloomberg

MYR

- **USDMYR** opened lower but managed to rebound, **ending 0.09% higher at 4.0870** yesterday.
- **MYR remains bearish against USD** as the upward momentum for USDMYR seems unlikely to recede anytime soon with a likely formation of a new bullish trend in sight as it tried to test the upper first Bollinger band yesterday. But with the DXY easing over improved risk appetites, USDMYR seems likely to trade on a neutral tone today at 4.0865-4.0875.

USD

- **USD weakened overnight, falling against 9 G10s** on general improvement in risk appetites following UK parliament's rejection of a no-deal Brexit and softer consumer and producer inflation data reaffirmed Fed's patience in hiking rate this year. The DXY was steady in earlier session but fell gradually throughout the day to end 0.39% lower at 96.55.
- **Expect the USD to weaken further**, paring off last week's gain as the substantial retreat in upward momentum suggests the earlier formation of a bearish trend, leading the DXY to potentially trending further down to a range of 96.30-96.45.

EUR

- **EUR** continued to stage further uptrend on broader dollar weakness, **strengthening by 0.35% to 1.1327** but weakened against 5 G10s.
- **Expect EUR to strengthen against USD** as a bullish trend continued to extend further on the back of newly formed upward momentum suggesting that EURUSD might break the 1.1340 resistance level to trade around 1.3420-1.1350.

GBP

- **GBP** spiked overnight to the highest level this year after the UK parliament voted against a no-deal Brexit thus leading to a potential extension of the Brexit deadline. **GBP gained by a whopping 2.0% to 1.3338 against USD** and surged by 1-2% against all G10s.
- **GBP looks slightly bullish** on the back of a modest gain in upward momentum to 1.3350 but is likely to surge further if the parliament votes to delay Brexit today, leading it to potentially surpass yesterday's high to and head towards 1.3380-1.3390.

JPY

- **JPY strengthened against the USD by 0.17% to 111.17** amidst broad dollar weakness and depreciated against 7G10s.
- **Expect further downtrend in USDJPY** as dollar weakness is likely to linger as downward momentum gathers strength. Expect USDJPY to slip to a range of 111.05-111.15.

AUD

- **AUD climbed** against the USD for the fourth consecutive session, notching a solid 0.17% gain to 0.7094 but slipped against 7G10s.
- AUD is slightly bearish today as we expect AUDUSD to consolidate its four days' gains even though downside could be weighed down by a stronger upward momentum. We therefore expect AUD to slip slightly today to a range of 0.7075-0.7085.

SGD

- SGD rose against USD on the similar weak dollar narrative but slipped against 7G10s. **USDSGD ticked lower by 0.27% to 1.3524.**
- USD is likely to rebound against the SGD following four running days of decline but technical outlook suggests that SGD remains bullish against USD, thus potentially leading USDSGD to trade only modest higher at 1.3530-1.3535.

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